



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2012/2013

FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE DIPLOMA IN BUSINESS ADMINISTRATION (HOMA BAY CAMPUS)

ADB 0102: PRINCIPLES OF ACCOUNTS

Date: 27th July, 2013

Time: 8.00 – 10.00 a.m.

INSTRUCTIONS:

- ◆ Answer Question ONE and any other TWO questions.
- ◆ Be neat and use examples where appropriate.
- ◆ Show all your workings.

QUESTION ONE

Mr. Samuel Nzioka has given you the following balances extended from his books as at 30th September, 1989.

	Shs.
Cash on Hand	1,200
Cash in Bank	11,000
Stock 1.9.1989.	21,000
Debtors	8,000
Creditors	10,000
Returns Inwards	500
Sales	56,000
Purchases	20,500
Capital	14,900
Salaries	4,000
Water & Electricity	600
Postage	200
Drawings	900
Stock 30.9.1989	13,599
Furniture & fittings	7,500
Motor Van	35,000
Loans (ICDC)	30,000
Rent Received	1,200
Office Rent	1,700

Required

- From the above balances prepare his Trial Balance as at 30.9.89 **(8 Marks)**
- Prepare his Trading and Profit and Loss Account for the month **(12 Marks)**
- Prepare his Balance Sheet as at 30.9.89 **(10 Marks)**

QUESTION TWO

The following Bank statement was received by Mark Nganatha, a trader, on 31st March 1990

	Debits	Credits	Balance
	Shs	Shs	Shs
Balance			8,400
Deposits		11,640	20,040
Deposits		1,745	21,785
Cheque No. 716	7,200		14,585
Cheque No. 717	1,360		13,225
Deposits		2,500	15,725
Cheque No. 719	3,400		12,325
Bank Charges	50		12,275
Cheque No. 721	2,840		9,435
Unpaid Cheque	4,250		5,185
Deposits		3,600	8,785
Cheque No. 718	4,850		3,935
Standing Order-Rent	5,000		1,065

His cash book (balance column only) had the following entries for March, 1990

Cash Book (Balance Column Only)

	Shs		Shs
Balance b/f	8,400	Cheque No.716	7,200
Deposits	11,640	Cheque No. 717	1,360
Deposits	1,745	Cheque No. 718	4,850
Deposits	3,600	Cheque No. 719	3,400
Deposits	4,285	Cheque No. 720	2,610
		Cheque No. 721	2,840
		Cheque No. 722	3,180

You are informed that no error has been made in either the bank statement or the cash book.

You are required to complete and balance the Cash Book as at 31st March, 1990 and prepare a Bank Reconciliation Statement (20 marks)

QUESTION THREE

Write up three –column cash book for Molly Awuor from the details given below, then balance off this cash book at the end of the month and show the discount account in general ledger:- **(20marks)**

20-13

JULY 1 Balance b/f Cash Sh.2, 500

Bank shs 7,400

JULY 2 Bought goods by cheque sh.2, 000

JULY 3 Cash sales Sh.1, 800

July 5 Banked cash Sh.2, 000

JULY 6 Paid by cheque, in each case cash discount received 3%,

B. Erick Sh.1, 500. K. Oudu Sh.3, 000 B. Oula Sh.1, 400

JULY 7 Received by cheque, in each case cash discount allowed 5%,

M. Meryl Sh.4, 000. B. Benhim Sh.3, 000 A. Frankline Sh.3, 200

JULY 10 Bought office furniture by cheque Sh.3, 000

JULY 15 Cash drawings Sh.500

JULY 20 Paid to Janet Mboya Sh.800 cheque less 3%

JULY 22 Received cash from Leakey Richard Sh.1, 500 Less 4%

JULY 30 Paid wages in cash Sh.1, 000

QUESTION FOUR

You are required to state briefly what you understand by:-

a)

i) The going concern concept **(3 marks)**

ii) The accrual concept **(3 marks)**

iii) The consistency concept **(3marks)**

b) Briefly discuss what you mean by accounting conventions **(11marks)**